



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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### **23 VAC 10-112 – Virginia Declaration of Estimated Income Tax By Individuals Regulations Department of Taxation July 24, 2006**

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#### **Summary of the Proposed Amendments to Regulation**

The Department of Taxation (department) proposes to repeal Sections 50 (Declarations of estimated tax to be filed with commissioner of revenue of county or city), 60 (Payment of estimated tax; notice of installment due), 70 (Reserved), 80 (Virginia Code Section 58.1-306 applicable to declaration of estimated tax), and 90 (Oaths or affirmations unnecessary on returns, declarations and reports; misdemeanor to subscribe false return, declaration or report; penalty) of these regulations.

#### **Result of Analysis**

The proposed amendments are not likely to have any significant impact.

#### **Estimated Economic Impact**

Sections 60 (Payment of estimated tax; notice of installment due), 80 (Virginia Code Section 58.1-306 applicable to declaration of estimated tax) and 90 (Oaths or affirmations unnecessary on returns, declarations and reports; misdemeanor to subscribe false return, declaration or report; penalty) are essentially identical in meaning to Code Sections § 58.1-495, § 58.1-497, and § 58.1-498, respectively. Repealing Sections 60, 80, and 90 will therefore have no impact. Section 70 is “reserved” and has no content. Thus repealing Section 70 will have no impact.

Section 50 of these regulations concerns the declaration of estimated tax to be filed with the commissioner of revenue of counties and cities. It is essentially identical in meaning to Code Section § 58.1-493, except for one clarifying sentence. The Code states that “every nonresident

individual who is required by this article to file a declaration of estimated tax shall file his declaration with the commissioner of the revenue for the county or city in which all or a part of his income from sources within the Commonwealth was derived.” Section 50 of these regulations, but not the Code, further states that “A declaration is not required to be filed with more than one commissioner of the revenue.” Without this clarifying sentence a nonresident taxpayer could reasonably misunderstand the Code to mean that a declaration of estimated tax is required for each county or city commissioner of the revenue in which income was derived. According to the department, individuals filing declarations of estimated tax are provided with instructions that make it clear that it is not necessary to file with more than one local commissioner of the revenue. Thus, repealing Section 50 will most likely not have a significant impact.

### **Businesses and Entities Affected**

The proposed repeal of these regulations will not significantly affect businesses and entities.

### **Localities Particularly Affected**

No localities are particularly affected.

### **Projected Impact on Employment**

The proposed repeal of these regulations will not affect employment.

### **Effects on the Use and Value of Private Property**

The proposed repeal of these regulations will not significantly affect the use and value of private property.

### **Small Businesses: Costs and Other Effects**

The proposed repeal of these regulations will not significantly affect small businesses.

### **Small Businesses: Alternative Method that Minimizes Adverse Impact**

The proposed repeal of these regulations will not significantly affect small businesses.

### **Legal Mandate**

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act

and Executive Order Number 21 (02). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.